

nication from the High Commissioner in the United Kingdom stated that negotiations are still in progress.

As a matter of policy there seems to be much in favour of making some concession to the Netherlands point of view, inasmuch as their Government receives full recognition as a member of the United Nations in opposition to the Axis. Certainly anything which we can do to remove unnecessary friction without impairing the Custodian's position, or that of Canadian nationals, would be very desirable.

I should much appreciate it if you would consider this matter and let me have your opinion as soon as possible as to whether it is practicable to do anything to meet the views of the Netherlands Government.

Yours sincerely,

W. L. MACKENZIE KING

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*Le secrétaire d'État au Premier ministre*

*Secretary of State to Prime Minister*

Ottawa, May 8, 1942

My dear Prime Minister,

The subject raised in your letter to me of the 8th ultimo, the question of Netherlands assets in Canada, is one to which I have been giving attention and study.

I am sure you will recognize that it is but one aspect of a difficult problem. It seems to me that any action taken in respect to the suggestion of the Netherlands Minister would necessarily involve, sooner or later, a similar policy being followed in respect to Norwegian, Belgian, Yugoslav and Greek assets, for all of these countries have governments established in London and at least two of them, the Norwegian and Belgian Governments, have promulgated decrees similar in general purport to the Decree of the Queen of Holland of May 24th, 1940. I would anticipate also that sooner or later we would have similar proposals from the Polish and Czechoslovakian Governments and, possibly, from a Free French Government, should one be set up. Of course, from the point of view of the value of the assets now vested in the Custodian, the three most significant countries are the Netherlands, Belgium and France.

The problem in relation to the Netherlands is a very complicated one. It is a notorious fact in financial circles that, until the invasion of the Netherlands in May 1940, banks, trust companies and holding companies incorporated in Holland and, conspicuously, companies and firms identified with the Amsterdam Stock Exchange, were the depositaries of enemy capital and of what President Roosevelt some years ago described as "hot money". In other words, sums of money and securities which stood in the books of Canadian banks and corporations in the name of Dutch companies, banks, banking partnerships and